REMARKS

Applicants respectfully request reconsideration of this application as amended. Claims 2, 5, 10-12, 15 and 22 have been amended. Support for the amendments is found in the specification, the drawings and in the claims as originally filed. Applicants submit that the amendments do not add new matter.

Rejections under 35 USC § 112

Claims 2, 5 and 11-13 were rejected under 35 USC §112, second paragraph.

Applicants respectfully submit that claims 2, 5 and 11-13, as amended, satisfy the requirement of 35 USC §112, second paragraph and respectfully request the rejections to these claims be withdrawn.

Rejections under 35 USC § 103(a)

Claims 1, 15, 22 and dependent claims 2-7 and 22 were rejected under 35 USC § 103(a) as being unpatentable over U.S. Patent Number 6,449,601 of Friedland, filed December 30, 1998 ("Friedland").

Applicants do not admit that the Friedland reference is prior art. The present application is a continuation-in-part of application serial number 09/131,048, now issued patent number 6,285,989, entitled "Universal On-Line Trading Market Design and Deployment System," filed August 7, 1998. The effective filing date of the present application is August 7, 1998, which pre-dates the filing of the Friedland reference. Therefore, Applicants do not admit that the Friedland reference is prior art and reserve the right to swear behind the reference at a later date. Nonetheless, Applicants believe the present invention is distinguishable over the Friedland reference. Therefore, Applicants respectfully traverse the rejection because the Friedland reference does not disclose each and every element as claimed.

Claim 1

The Friedland reference does not teach "a universal auction system having a programmable auction server, the programmable auction server comprising: a plurality of auction modules to be configured by a user to deploy the universal auction system." Rather, the Friedland reference teaches "the distribution of real-time, live auctions, conducted by a live auctioneer in the presence of an audience of bidders, to remote bidders via the Internet. The invention consists of *four primary modules*: a client program running on a remote computer, a network of collector/redistributor nodes running on the broadcaster's enterprise backbone, an auction server process associated with a database where auction state and persistent data are stored and an auction console that resides at the site of the live event, allowing a proxy to introduce remote bids on the floor and report status back to the remote audience." (***Emphasis added***) (see col. 2, line 66-col. 3, line 8; col. 8, line 51-col. 9, line 63).

This is not the same as the programmable auction server of claim 1. The programmable auction server of claim 1 allows a user to configure a universal auction system to perform specific auction functions. Such a system will allow a user (e.g., a market designer) to build a customized auction system without engaging in lengthy software development. For example, the programmable auction server of claim 1 allows "a bid verifier to determine the eligibility of one of a plurality of traders to the universal auction system based on previous auction history." Also, the programmable auction server of claim 1 allows "a bid transformer to transform a submitted bid of one of the plurality of traders."

The four primary modules of the Friedland reference are not configurable, as claimed, but are implemented modules of a real-time, live auction system, conducted by a live auctioneer in the presence of an audience of bidders, to remote bidders via the Internet. Furthermore, the Friedland reference does not teach that *a user may configure* the auction modules "*to deploy the*

universal auction system," as claimed. But rather, the Friedland reference teaches the user may submit bids remotely from the client program to the network of collector/redistributor nodes, to be transferred to the auction server to process and a human proxy to introduce. This is not the same as a user configuring the auction modules "to deploy the universal auction system," as claimed. That is, the system, as disclosed in Friedland, may not be used to develop an auction system. Accordingly, the Applicants respectfully request the rejection to claim 1 be withdrawn.

<u>Claim 15</u>

Claim 15 recites a method of designing a universal auction system where a market protocol is received from a market specification console that defines functions of the universal auction system. The Friedland reference does not teach *a method* of *"receiving at least one market protocol,"* nor *"generating a plurality of auction modules in a programmable auction server based on the market protocol received."* Market protocols define at least one function of an auction that a user (e.g., a market designer) could configure. For example, a user may specify the minimum increment and start time in an English auction classification, or the user may configure the circumstances when a bid from a trader qualifies as a bid under a set of rules based on a specific auction classification.

Furthermore, specific auction modules may be generated based on the configured market protocol to implement auction transactions in the universal auction system. For example, a user may have configured a market protocol that generates an auction module to transform a bid based on a predetermined set of discriminating allocation market protocols, such as, to transform the submitted bid of a specific trading identity (e.g., Trader A) by 10% when the bid is received during an auction. In contrast, the four primary modules, as disclosed in the Friedland reference, are part of an implemented real-time, live auction system, conducted by a live auctioneer that are

not taught to be generated, as claimed. Accordingly, the Applicants respectfully request the rejection of claim 15 be withdrawn.

Claim 22

The Office Action states the Friedland reference lacks an explicit recitation of each and every element of claim 22, but that it would have been obvious to a person of ordinary skill in the art at the time of the invention that the disclosure of Friedland would have been selected in accordance with each and every element of claim 22 because such selection would have provided means for "distribution of realtime, live auction."

The Applicants respectfully traverse the rejection. According to M.P.E.P. § 2142, "[t]o establish a prima facie case of obviousness, three basic criteria must be met. First, there must be some suggestion or motivation, either in the references themselves or in the knowledge generally available to one of ordinary skill in the art, to modify the reference or combine the references. Second, there must a reasonable expectation of success. Finally, *the prior art reference* (or references when combined) *must teach or suggest all the claim limitations.* The teaching or suggestion to make the claim combination and the reasonable expectation of success must both be found in the prior art, and not based on applicant's disclosure" (emphasis added).

The Applicants agree that "Friedland lacks an explicit recitation of" claim 22 (see Office Action page 15) and the Applicants respectfully submit that it would not be obvious to modify the reference to teach the claimed elements because Friedland does not provide some suggestion or motivation to use "a market specification console" to communicate with "a programmable auction server" to "deploy and manage the universal auction system," as claimed. The four primary modules, as disclosed in the Friedland reference are part of the implemented real-time, live auction system, conducted by a live auctioneer. The Friedland reference does not teach, suggest, or provide any motivation that one or more trading primitives of a market protocol are

configurable by a user at the market specification console "to dictate the behavior of the universal auction system." Neither does Friedland suggest the programmable auction server could "receive the market protocols defined by the market specification console" to implement the universal auction system. The system, as claimed, allows a user (e.g., market designer) to build a customized auction system without engaging in lengthy software development. The system, as taught in Friedland, has no such motivation because it discusses the actions of an auction system, not the development of an auction system. Accordingly, the Applicants respectfully request the rejection to claim 22 be withdrawn.

Claims 2-7, 9-13 and 16-21 are dependent directly or indirectly on one of the independent claims 1, 15, or 22. Therefore, at least for the reasons stated above, the Applicants respectfully request the rejections to claims 1-7, 9-13 and 15-22 be withdrawn.

CONCLUSION

Applicants respectfully submit that the rejections have been overcome by the amendments and remarks, and that the claims, as amended, are now in condition for allowance. Accordingly, Applicants respectfully request the rejections be withdrawn and the claims, as amended, be allowed.

Invitation for a telephone interview

The Examiner is invited to call the undersigned at 408-720-8300 if there remains any issue with allowance of this case.

Charge our Deposit Account

Please charge any shortage to our Deposit Account No. 02-2666.

Respectfully submitted,

BLAKELY SOKOLOFF TAYLOR & ZAFMAN LLP

Date: _April 21, 2003_   By: _____
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